ADMINISTRATIVE TRIBUNALS SUPPORT SERVICE OF CANADA
Quarterly Financial Report
For the quarter ended September 30, 2017

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

Introduction

This quarterly financial report has been prepared as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This report should be read in conjunction with the 2017-18 Main Estimates and Supplementary Estimates (A). This quarterly report has not been subject to an external audit or review.

The Administrative Tribunals Support Service of Canada (ATSSC) is responsible for providing support services and facilities to 11 federal administrative tribunals by way of a single, integrated organization.

These services include the specialized services required by each tribunal (e.g. registry, research and analysis, legal and other mandate or case activities specific to each tribunal), as well as internal services (e.g., human resources, financial services, information management and technology, accommodations, security, planning and communications).

Further information on the mandate, roles, responsibilities and programs of the ATSSC can be found by accessing the 2017-18 Main Estimates.

Basis of Presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ATSSC's spending authorities granted by Parliament and those used by the ATSSC, consistent with the Main Estimates and the Supplementary Estimates for the 2017-18 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The ATSSC uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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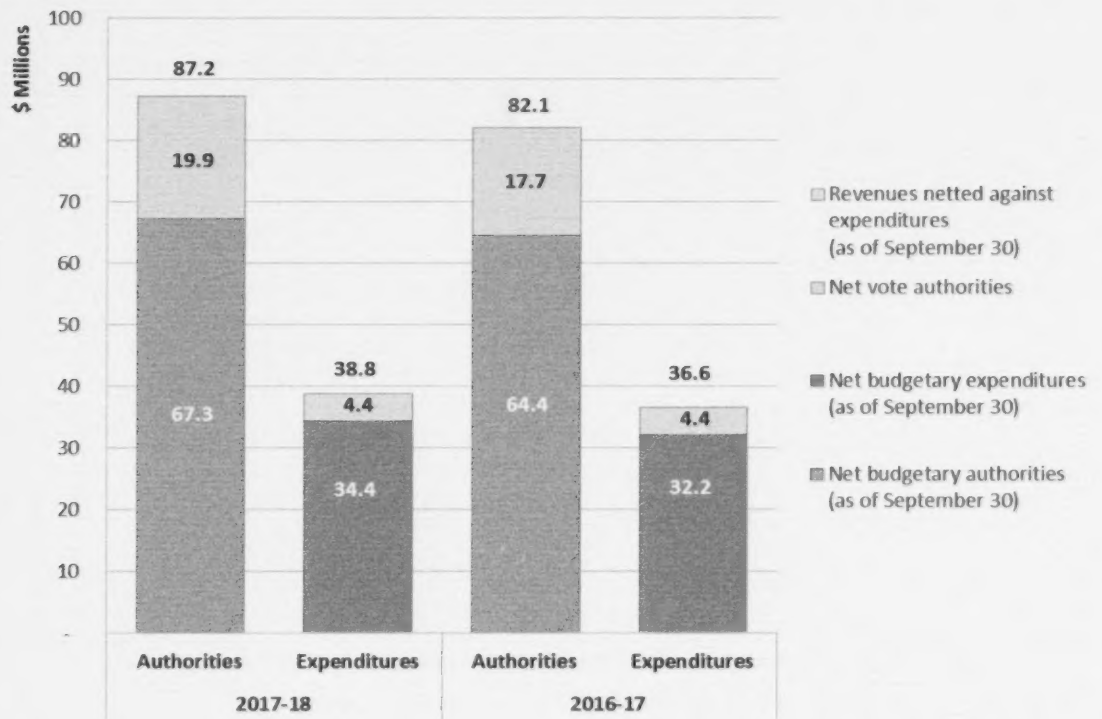
Highlights of Fiscal Quarter and Fiscal Year to Date (YTD) Results

The ATSSC's financial structure is mainly composed of voted budgetary authorities namely, Vote 1— Program expenditures and vote-netted revenue authority, as well as statutory authorities for contributions to employee benefit plans.

For the period ending September 30, 2017, the ATSSC had total authorities of $87.2 million, including budgetary authorities of $67.3 million and vote-netted revenue (VNR) of $19.9 million. Budgetary authorities include an amount of $61 million from the Main Estimates, $2.9 million from the Supplementary Estimates (A), and $3.3 million from the Treasury Board Central Votes (Operating Budget Carry Forward). The VNR gives the ATSSC authority to make recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Operating Account. Presented in Graph 1 below are the gross and net budgetary authorities and expenditures for the second quarter of 2017-18. For more details, refer to the Statement of Authorities.

Graph 1: Comparison of budgetary authorities and expenditures for the second quarter ended September 30, 2017, and September 30, 2016.



The ATSSC expended $38.8 million (44% of total authorities) in the first two quarters of 2017-18. Of this total, $4.4 million was offset by revenues for a total of $34.4 million in net budgetary expenditures. The majority of expenditures relate to personnel, which totaled $33.4 million (86% of gross expenditures). The remaining 14% primarily comprises of professional and special services (mainly informatics services, consulting services and translation costs) and transportation and communications (mainly travel costs).

Significant Changes to Authorities

(Please refer to the Statement of Authorities table)

As of September 30, 2017, the total budgetary authorities available for use for the year increased from $64.4 million in 2016-17 to $67.3 million in 2017-18. This increase is mainly due to the reprofiling of funding from 2015-16 over and above the operating budget carry-forward that will serve towards office space consolidation and modernization as well as a reduction of the ATSSC's statutory authority to cover the expenditures related to Employee Benefit Plans.

Significant Changes to Revenues Collected

(Please refer to the Statement of Authorities table)

The $4.4 million of revenues collected by the second quarter ending September 30, 2017 equal the revenues collected by the second quarter in 2016-17.

Significant Changes to Expenditures

(Please refer to the Departmental Budgetary Expenditures by Standard Object table)

Year-to-Date Expenditures

The year-to-date gross budgetary expenditures increased from $36.6 million in 2016-17 to $38.8 million in 2017-18 due to the following:

- an increase of $1.8 million in personnel due to retroactive payments resulting from the signing of collective agreements and staffing increases; and
- an increase of $0.4 million relating to various other expenditures.

Expenditures for the Quarter

Second quarter gross budgetary expenditures increased from $18.1 million in 2016-17 to $20.7 million in 2017-18 due to the following:

- an increase of $1.9 million in personnel mostly due to retroactive payments resulting from the signing of collective agreements and staffing increases; and
- an increase of $0.5 million relating to professional and special services mostly for the Information Management / Information Technology Infrastructure Consolidation initiatives; and
- an increase of $0.2 million relating to various other expenditures.

Risks and Uncertainties

The ATSSC has identified two key risks and responses for 2017-18.

There is a risk that caseload surges or other unexpected tribunal-specific operational demands could challenge the ATSSC's ability to provide the support services the tribunals require to fulfill their mandates. Emerging trends and legislative changes are also being monitored to ensure adequate

service delivery. To mitigate these risks, our budget planning and allocation processes have the flexibility to re-allocate resources if and when required.

The other risk is that the ATSSC must maintain appropriate delivery capacity to meet the mandates and the evolving needs and priorities of the tribunals it serves. The ATSSC is in the process of analyzing its workforce to ensure adequate succession planning as well as developing a corporate policy framework and a multi-year implementation strategy taking into account identified gaps, risks and priorities.

The ATSSC supports 11 tribunals with different mandates, each operating under different statutes, regulations and policies. The risks identified are in keeping with those of a recently formed organization that is tasked with delivering existing support services while also seeking to improve its service delivery model. As the ATSSC continues to evolve and build organizational capacity, it will strive to meet its goal of being recognized as a centre of excellence for service delivery; innovative, efficient and effective operations; and improved access to justice.

Significant Changes in Relation to Operations, Personnel and Programs

There has been no significant change to the programs or structure since the ATSSC was established on November 1, 2014. The Social Security Tribunal continues to be partially supported by ESDC as its transition to the ATSSC is still ongoing.

Approval by Senior Officials

Approved by:

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Marie-France Pelletier, Chief Administrator
Ottawa, Canada
November 14, 2017

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Luc Robitaille, Director General and Chief Financial Officer
Corporate Services

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Statement of Authorities (unaudited)

(in dollars)

	Fiscal year 2017-18			Fiscal year 2016-17		
	Total available for use for the year ending March 31, 2018 *	Used during the quarter ended September 30, 2017	Year to date used at quarter end	Total available for use for the year ending March 31, 2017 *	Used during the quarter ended September 30, 2016	Year to date used at quarter-end
Vote 1— Program expenditures	78,519,356	18,644,779	34,630,960	72,717,766	15,858,499	32,004,446
Less: Revenues netted against expenditures	(19,910,984)	(4,422,650)	(4,422,650)	(17,690,600)	(4,422,650)	(4,422,650)
Net Program expenditures	**58,608,372**	**14,222,129**	**30,208,310**	**55,027,166**	**11,435,849**	**27,581,796**
Budgetary statutory authorities	8,657,629	2,097,806	4,195,612	9,413,110	2,286,293	4,572,586
Total Budgetary authorities	**67,266,001**	**16,319,935**	**34,403,922**	**64,440,276**	**13,722,142**	**32,154,382**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

Departmental Budgetary Expenditures by Standard Object (unaudited)

(in dollars)

	Fiscal year 2017-18			Fiscal year 2016-17		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended September 30, 2017	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended September 30, 2016	Year to date used at quarter-end
Expenditures:						
Personnel	63,436,938	17,579,110	33,366,107	63,922,400	15,645,252	31,534,874
Transportation and communications	5,101,591	787,483	1,306,533	3,735,799	651,868	1,129,871
Information	1,009,652	188,948	429,913	624,823	218,531	264,570
Professional and special services	10,885,163	1,858,877	2,389,587	8,897,182	1,356,635	2,175,961
Rentals	2,495,580	211,927	776,585	2,094,126	164,174	556,817
Repair and maintenance	358,008	25,827	68,509	579,380	29,552	30,135
Utilities, materials and supplies	1,065,433	31,474	309,240	529,340	115,058	208,369
Acquisition of machinery and equipment	2,448,135	66,827	116,217	1,747,826	173,836	219,535
Other subsidies and payments	376,485	(7,888)	63,880	-	(210,114)	456,900
Total gross budgetary expenditures	**87,176,985**	**20,742,585**	**38,826,571**	**82,130,876**	**18,144,792**	**36,577,032**
Less Revenues netted against expenditures:						
Revenues	(19,910,984)	(4,422,650)	(4,422,650)	(17,690,600)	(4,422,650)	(4,422,650)
Total Revenues netted against expenditures:	**(19,910,984)**	**(4,422,650)**	**(4,422,650)**	**(17,690,600)**	**(4,422,650)**	**(4,422,650)**
Total net budgetary expenditures	**67,266,001**	**16,319,935**	**34,403,921**	**64,440,276**	**13,722,142**	**32,154,382**